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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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EXPOSURE DRAFT

Uniform Chart of Accounts

Issued by the Community Engagement and Finance Division
Bureau of Local Government and School Services

Exposure Draft Date: October 8, 2021

Deadline for written comments: November 8, 2021

Numbered Letter 2021-6, *Accounting for Marijuana Revenues* for local units of government which consists of counties, cities, villages, townships, and authorities and commissions is offered for public comment.

Any individual or organization that would like to submit comments should provide those comments in writing by the deadline stated above to the Michigan Department of Treasury, Community Engagement and Finance Division at lafd_audits@michigan.gov with the subject line entitled "Exposure Draft – 2021-6." Alternatively, responses may also be submitted via U.S postal service to PO Box 30728, Lansing, Michigan 48909-8228.

If you have any questions, please contact our office at 517-335-7469.



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NUMBERED LETTER 2021-6

Issued By: Community Engagement and Finance Division (CEFD)
Bureau of Local Government and School Services

Effective Date: DRAFT

2021-6 Accounting for Marijuana Revenues

Intended Audience: Local government bookkeepers

Summary: Provides guidance on accounting for revenues related to the activities of marijuana on the local level.

The following guidance is related to only local units of government. Charges dedicated to the state that are not passed through to local units are not included.¹

Annual Fee

MCL 333.27956 A municipality may charge an annual fee of not more than \$5,000 to defray application, administrative, and enforcement costs associated with the operation of the marihuana establishment in the municipality.

This revenue source is related to licenses and permits. Consequently, one may use an open account between 478 and 489 in the General fund. For example, one may use 101-000-478. Since they are restricted to those items in the paragraph above, fund balance should be restricted until used.

Excise Tax

MCL 333.27963 In addition to all other taxes, an excise tax is imposed on each marihuana retailer and on each marihuana microbusiness at the rate of 10% of the sales price for marihuana sold or otherwise transferred to anyone other than a marihuana establishment.

This revenue source is assessed by the state and passed to local units of government at varying rates. There are no restrictions on the use of these funds and should be accounted for using account 101-000-439, Marijuana Tax.

If you have any questions, please email our office at TreasLocalGov@michigan.gov.

¹ For example, the one-time \$6,000 application fee assessed by the state Marijuana Regulatory Agency is not included in this guidance.